

AGENDA REPORT

**OVERSIGHT BOARD FOR THE CITY OF MAYWOOD
AS SUCCESSOR AGENCY OF THE MAYWOOD
COMMUNITY REDEVELOPMENT AGENCY**

DATE: OCTOBER 3, 2012

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

FROM: ANDRE DUPRET, PROJECT MANAGER

SUBJECT: DISCUSSION ON THE LOW AND MODERATE-INCOME HOUSING FUND (LMIHF) DUE DILIGENCE REVIEW (DDR) REPORT AS PREPARED BY AN INDEPENDENT AUDITOR; OPEN THE FORUM FOR PUBLIC COMMENT SESSION ON THE DDR FOR LOW AND MODERATE-INCOME HOUSING FUNDS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.6; AND SET A DATE FOR FINAL APPROVAL

RECOMMENDATION

That the Oversight Board for the City of Maywood ("Oversight Board"), review the Due Diligence Review of the LMIHF (Attachment 1) as prepared by an independent auditor; open the forum for public comment on the DDR pursuant to California Health and Safety Code Section 34179.6; and set a date for final approval of the DDR.

FISCAL IMPACT

If the DDR is approved, the Successor Agency to the City of Maywood Community Redevelopment Agency will be required to remit the remaining balance of \$1,281,021 in the LMIHF to the County of Los Angeles for disbursement to the school districts and other taxing entities.

LEGAL REVIEW

The Successor Agency Counsel reviewed this report.

BACKGROUND

Health and Safety Code Section 34179.5 imposes a requirement on successor agencies to use an independent auditor to conduct a Due Diligence Review to determine the unobligated balances available for transfer to affected taxing entities. The audit has been conducted and is attached hereto for the Oversight Board's review and recommendation. As required by ABX1 26 and AB 1484 legislation, the Successor Agency to the Maywood Community Redevelopment Agency received, reviewed and approved the attached DDR on September 26, 2012 via Resolution SA12-12 (see Attachment 2).

DISCUSSION

Under Health and Safety Code Section 34179.5 et. Seq., a Due Diligence Review (Audit) of all Successor Agency balances is required.

The Audit is to be conducted in two parts. First, a review of the Low-Mod Income Housing Fund must be completed. Successor Agency staff must then provide the Audit to the Successor Agency Board for review and transmittal to the Oversight Board. Once the Oversight Board has done its initial review of the DDR and has conducted a public comment period, the Oversight Board must hold one last meeting for final review and approval of the document. Once approved, the Oversight Board must transmit the final report to the Department of Finance and other specified agencies by October 15, 2012.

On September 21, 2012, the firm of Moss, Levy and Hartzheim conducted the Audit of the Low-Mod Income Housing Fund and subsequently prepared the Due Diligence Review which is attached hereto. The following is a brief summary of the Audit's findings. The Audit found that as of June 30, 2012, the Successor Agency held \$3,188,030 total assets in its Low-Mod Income Housing Fund. Under the Audit, the Successor Agency is entitled to retain \$1,292,243 that was borrowed from the Low-Mod Income Housing Fund to make a SERAF payment in 2010 and, in addition, retain \$87,704 for loans receivable (3 down-payment assistance loans in the 1990's). After all allowable deductions were accounted for, the Audit found that the remaining balance of \$1,281,021 in the LMIHF is unobligated and recommends that it be remitted to the County of Los Angeles for disbursement to the other taxing entities (see page 12 of Due Diligence Review).

Attachments: 1. Due Diligence Review
2. Resolution SA12-12